

MKHONDO LOCAL MUNICIPALITY

**MKHONDO LOCAL
MUNICIPALITY 2011/12
– 2013/14 MTREF
BUDGET**

ANNUAL BUDGET

2010



POBOX23 PIET RETIEF 2380

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PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR’S REPORT

The Executive Mayor of Mkhondo Municipality, Councillor Philisiwe Langa delivered her 2011/2012 budget speech to Council Chamber on Thursday, 5 May 2011. The Executive Mayor’s address sought the Council approval of a budget of R309, 9 million for the said financial year as per the provisions of Section 24 of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

In its effort to increase the service delivery momentum in the 2011/2012 financial year, the municipality will spend more than R60 Million on various community development projects. A budget of R48, 703,000 will be spent on an intensive service delivery programme that includes bus and taxi routes in KwaThandeka and Thandukukhanya; installation of high mast lights; installation of toilets; sewer treatment works in Piet Retief and water-borne sanitation projects in Nkonjaneni and Mangosuthu.

An additional budget of R23 Million has been tabled before Council for the refurbishment of roads; the continuation of a sewer system to RDP houses; upgrading of roads and the re-sealing of Church street in Piet Retief, amongst other projects. Announcing the medium-term service delivery projects, the Executive Mayor said the provision of water, sanitation, roads, and electricity was the first objective as far as service delivery is concerned. “We believe that to a large extent, our 2011/2012 budget embodies the strategic needs and developmental goals of our community, as we have had an opportunity to listen to our people in various wards of our municipality” the Executive Mayor highlighted. The second service delivery objective is to accelerate provision of services relating to disaster management, safety, fire, emergency as well as traffic and licensing, and the third objective is to accelerate the provision of services relating to solid waste, parks and gardens, to ensure environmental sustainability of all developments.

According to the Executive Mayor, the municipality will “Support provision of comprehensive services and ensure that communities can have access to services which are closer to them”. All these community development programmes, said the Executive Mayor, are delivered in accordance with the African National Congress’ 2009 election manifesto and service delivery promises. “Based on community needs and the resources of the municipality, the adopted five development priorities of Mkhondo Municipality are Basic Service Delivery; Municipal Institutional Development and Transformation; Local Economic Development; Financial Viability and Management; and Good Governance and active Public Participation” the Executive Mayor said.

The Executive Mayor added that in setting out the service delivery programme, the wishes and desires of members of the public were taken into consideration, “There have been a number of inputs made by the community of Mkhondo during the public participation, some of which have also found expression in this budget”. Community members had requested the Installation of toilets; Grading of roads; Installation of high mast lights; Water and electricity supply and Fencing of cemeteries. As part of an importance communication to consumers and members of the public, the Executive Mayor made the following announcements:

- According to the directive by National Energy Regulator of South Africa (NERSA), municipalities which implemented a 25% increase in 2009/10 are eligible to increase their tariffs by no more than 22% for the 2010/11 financial year. Similarly, municipalities that implemented 34% increase in 2009/10 are eligible to increase their tariffs by no more than 19% for the 2010/11 financial year. As a result of this interaction with NERSA, we have adjusted the electricity tariff by 20.38%.
- A 6% increase in respect of residential and business properties,
- A special rebate to the Agricultural property sector of 11.5%, applicable to the 2011/2012 financial year only,
- R8,9 million set aside as provision for indigent support based on 50 kw of electricity per indigent household per month, and 6 kl of water per indigent household per month,
- R293,2 million set aside for municipal operational expenditure, and
- R84,2 million of municipal capital budget.

“We made a commitment to work collectively with all stakeholders in order to embrace the potential of young people so that we can address the challenge of having young people between the ages of 18 and 35 being unemployed. We have already signed a Memorandum of Understanding with the National Youth Agency with an aim of ensuring that young people of Mkhondo do benefit from the programmes of youth development. We will establish a Youth Office which will be equipped with trained youth focusing on the implementation of youth development programmes. The NYDA programmes and services have been designed to address the needs of small enterprises. About fifty young people have already been recruited into a six-month Waste Management and Recycling project. Plans are underway to recruit about one hundred and fifty unemployed youth to participate in Fix-the-Potholes project”, the Executive Mayor alluded. She also emphasized that the *Youth Indaba* held recently has paved a way to the official launch of the Mkhondo Youth Council in June this year.

1.2 COUNCIL RESOLUTION

The Executive Mayor of Mkhondo Municipality, Councillor Philisiwe Langa delivered her 2011/2012 budget speech to Council Chamber on Thursday, 5 May 2011, for Council to consider the annual budget of the municipality for the financial year 2011/12. The Council approved and adopted the following budget resolutions in terms of section 24 of the Municipal Financial Management Act;

- Operational Budget
- Capital Budget
- Annual tariffs list
- Budget related policies

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Mkhondo Local Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51 and 54 were used to guide the compilation of the 2011/12 MTREF

The main challenges experienced during the compilation of the budget 2011/12 can be summarised as follows;

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2011/12 MTREF:

- The 2010/11 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2011/12 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act

1.4 Operating Revenue Framework

In view of the aforementioned, the following table is a consolidated overview of the proposed 2011/12 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2011/12 MTREF

Consolidated MTREF Budget	Adjustment Budget 2010/11	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Total Operating Revenue	211 610 630	307 992 456	343 613 401	375 129 842
Total Operating Expenditure	211 608 172	289 404 184	317 160 200	346 052 320
<i>(Surplus)/Deficit for the year</i>	(2 458)	(18 588 271)	(26 453 201)	(29 077 522)
Total Capital Expenditure	42 841 600	84 287 000	98 121 800	105 366 730

Total operating revenue for 2011/12 financial year is R308million, when compared to the 2010/11 Adjustments Budget of R212million. For the two outer years, operational revenue will increase by 11.73 and 9.33 per cent respectively.

Total operating expenditure for the 2011/12 financial year has been appropriated at R289million and translates into a budgeted surplus of R18.5million. When compared to the 2010/11 Adjustments Budget, operational expenditure has grown by 37 per cent in the 2011/12 budget and by 9.69 and 9.15 per cent for each of the respective outer years of the MTREF. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R84.3million for 2011/12 is 49.2 per cent higher when compared to the 2010/11 Adjustment Budget.

Municipal Tariffs

Property Rates

Property rates cover the cost of the provision of general services. Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The tariffs will be levied on the Market value as per valuation roll where it was levied previously on the land value only. Reduction of R15 000 of the market value of the property as per Section 17(1)(h)

of the MPRA is permitted to residential stands and Council add an extra R35 000 to it to bring the value to R50 000 which will be exempted from rates.

Rebates for newly rateable properties including agricultural sector are implemented as follows;

- Year 1 - 75%
- Year2 – 50%
- Year 3 – 25% (Currently in Year 3)
- Year 4 - 0%

Rebates for residential will be 10%

Rebated for agricultural will be 53%

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2011/12 financial year based on a 10 per cent increase from 1 July 2011 is contained below:

Sale of Electricity and impact of tariffs increase

NERSA approved a 20.38 per cent on the municipal electricity tariff for 2011/12 annual budget compilation. Mkhondo Local Municipality has applied to NERSA 20.38 per cent which was approved and that tariffs will be effective in the new financial billing starting on the 01st July 2011.

Considering the Eskom increases, the consumer tariff had to be increased by 20.38 per cent to offset the additional ESKOM bulk purchase cost from 1 July 2011. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Mkhondo local municipality has an indigent register that is guided by the municipality's indigent policy which it was approved in Council during 2011/12 budget, it grants indigents household free electricity supply up to 50KWh and that threshold will continue in this 2011/12 financial year.

The tariff increase is divided into two categories mainly;

- Repair and Maintenance and other - 6%
- Electricity Consumption KWh - 20.38%

Table2 Comparison of proposed rates to levied for the 2011/12 financial year

Category	Current tariffs (2010/11)	Approved tariffs (2011/12)
Residential	R0.00675	R0.00716
Business/Industrial	R0.00700	R0.00742
Agriculture	R0.00200	R0.00179
State owned	R0.00200	R0.00742
Psi	R0.00200	R0.00179
Vacant	R0.00200	R0.01290
Pbo	R0.00200	R0.00179

Sales of Water and Impact of tariff increase

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

It is recommended that the registered owner of a property should bear the costs where a prepaid water meter measuring system is installed by Council. These costs will constitute the said measuring unit, general maintenance and installation expenses incurred by the Council in relation to the prepaid meter installation.

The approved water tariff for Mkhondo Local municipality for basic charge is R13.00 each month for every vacant stand excluding Council properties.

Table 3 Comparison between current water charges and increases (Domestic)

Monthly Consumption kℓ	Current Amount Payable	Approved Amount Payable	Difference (Increase)	Percentage Change
0 -6	0	R2.92	R2.92	100%
7 – 20	R3.45	R3.65	R0.20	6%
21 – 40	R4.85	R5.15	R0.30	6%
41 – 60	R6.40	R6.80	R0.40	6%
61 - above	R6.76	R7.15	R0.39	6%

The free basic water will be provided to all household per month as may be amended from time to time to a maximum of 6kℓ.

By laws of the municipality shall be applicable to water supply tariffs including all the other water tariffs.

Sanitation and Impact of tariffs increase

Tariff increase of 6% for sanitation has been approved as from 01 July 2011. This is based on the cost assumptions related to water.

The following factors also contributed to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged
- Free sanitation of 6kℓ water will be applicable to registered indigents

Table 4 Comparison between current sanitation charges and increases

Classification Monthly	Current Amount Payable	Approved Amount Payable	Difference (Increase)	Percentage Change
Stand – 1 st toilet	R26.88	R28.50	R1.62	6%
Consecutive toilet	R24.73	R26.20	R1.47	6%
2 & 3 stands	R22.58	R23.95	R1.37	6%
Backwash pools	R13.98	R14.80	R0.82	6%
Sewerage sludge p/c/m	R9.45	R10.00	R0.55	6%

Refuse removal and Impact of tariffs increase

In respect of the refuse removal charges, Mkhondo Local Municipality approved 6% tariff on all categories of in terms of their classifications and waste bins.

Table5 Comparison between current Refuse removal charges and increases

Classification Monthly	Current Amount Payable	Approved Amount Payable	Difference (Increase)	Percentage Change
Dwellings, flats, churches and hospitals : per	R36.55	R38.75	R2.20	6%
From all other premises, per user	R92.45	R98.00	R5.55	6%
If more than two users jointly make use of a bulk container, per user	R96.75	R102.55	R5.80	6%
If two users jointly make use of a bulk refuse container, per user	R192.43	R204.00	R11.57	6%
Bulk refuse container per individual user.	R388.08	R411.35	R23.27	6%
Additional Waste - Landfill site per Ton	R23.65	R25.05	R1.40	6%

1.5 Operating Expenditure Framework

Mkhondo Local Municipality's operating expenditure framework for the 2011/12 budget and MTREF is informed by the following:

- The SALGA's employee remuneration and other related contributions as well as the repairs and maintenance;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the Integrated Development Plan of the municipality;
- Operational gains and efficiencies will be directed to funding the own capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2011/12 budget and MTREF (classified per main type of operating expenditure):

Table 6 Summary of operating expenditure by standard classification item

Description R thousand	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Expenditure By Type											
Employee related costs		–	–	50 682	73 477	73 477	73 477	–	68 963	70 996	78 034
Remuneration of councillors				4 367	10 239	8 480	8 480		9 414	10 356	11 391
Debt impairment											
Depreciation & asset impairment		–	–	–	–	–	–	–	–	–	–
Finance charges									1 400	1 260	1 134
Bulk purchases		–	–	19 371	59 550	–	–	–	64 550	71 005	78 106
Other materials											
Contracted services		–	–	6 190	2 680	–	–	–	–	–	–
Transfers and grants				59 372					41 009	45 110	49 621
Other expenditure		–	–	–	12 358	–	–	–	37 186	40 840	44 924
Loss on disposal of PPE											
Total Expenditure				139 982	158 304	81 956	81 956	–	222 522	239 565	263 210

The budget allocation for employee related cost for the 2011/12 financial year totals to R68.9million, which equals 31 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increase has been factored into this budget at a percentage increase of just under 7 per cent for the 2011/12 financial year. The major budget implications was the filling of

critical vacancies that existed and the organogram reviewed and costed, however, with limited sources of funding only most critical posts at service delivery departments were prioritised and those vacant but not yet funded will be priorities in the next coming adjustment budget if not coming financial year.

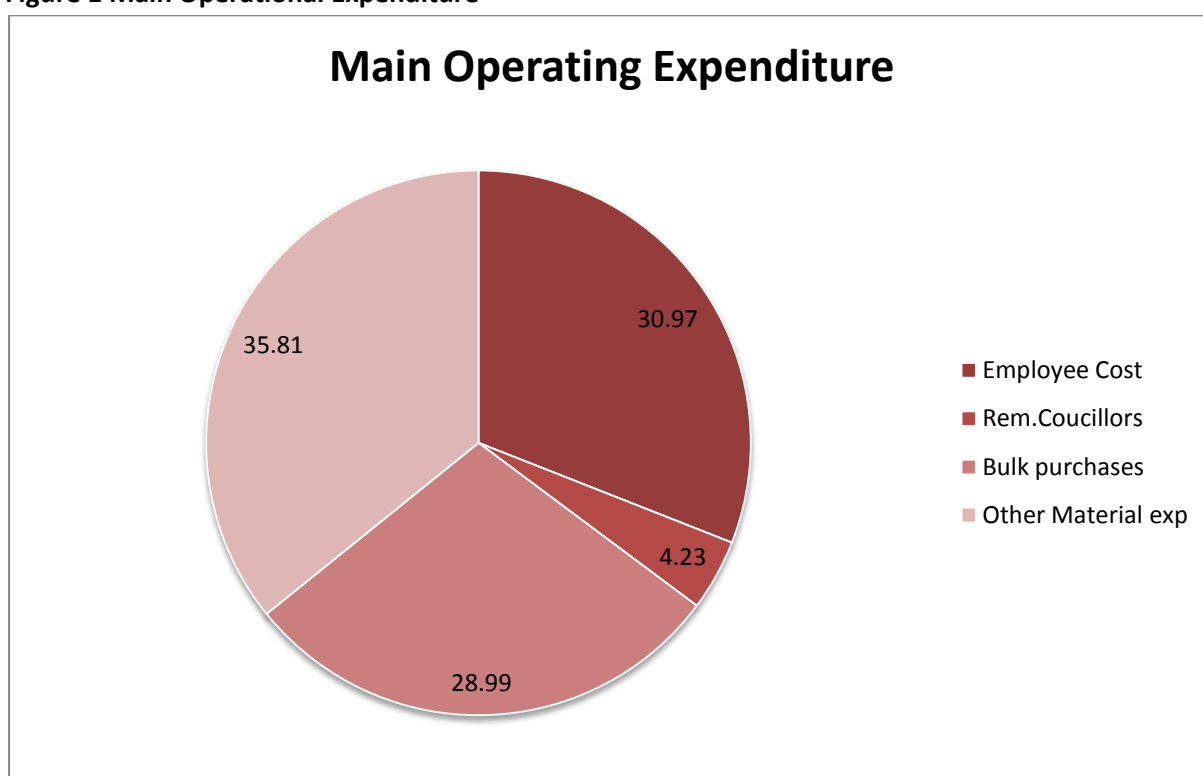
The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The Division of Revenue Act of 2011/12 next budget allocation as gazetted for remuneration of councillors has an amount of R2.2million for councillors' remuneration which has been considered during the compilation of the 2011/12 Budget.

Finance charges consist primarily of the repayment of interest on long-term borrowing from DBSA (cost of capital). Finance charges make up 1 per cent (1.4million) of the budgeted operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom and DWA for water supply from Heyshope Dam to refill Mkhondo's water level. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan on existing infrastructures, this group of expenditure has been prioritised to ensure sustainability of the service delivery.

Figure 1 Main Operational Expenditure



Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Mkhondo Municipality's approved Indigent Policy. The target is to register additional 10 per cent or more indigent households during the 2011/12 financial year, a process reviewed annually. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital Expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 7 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding

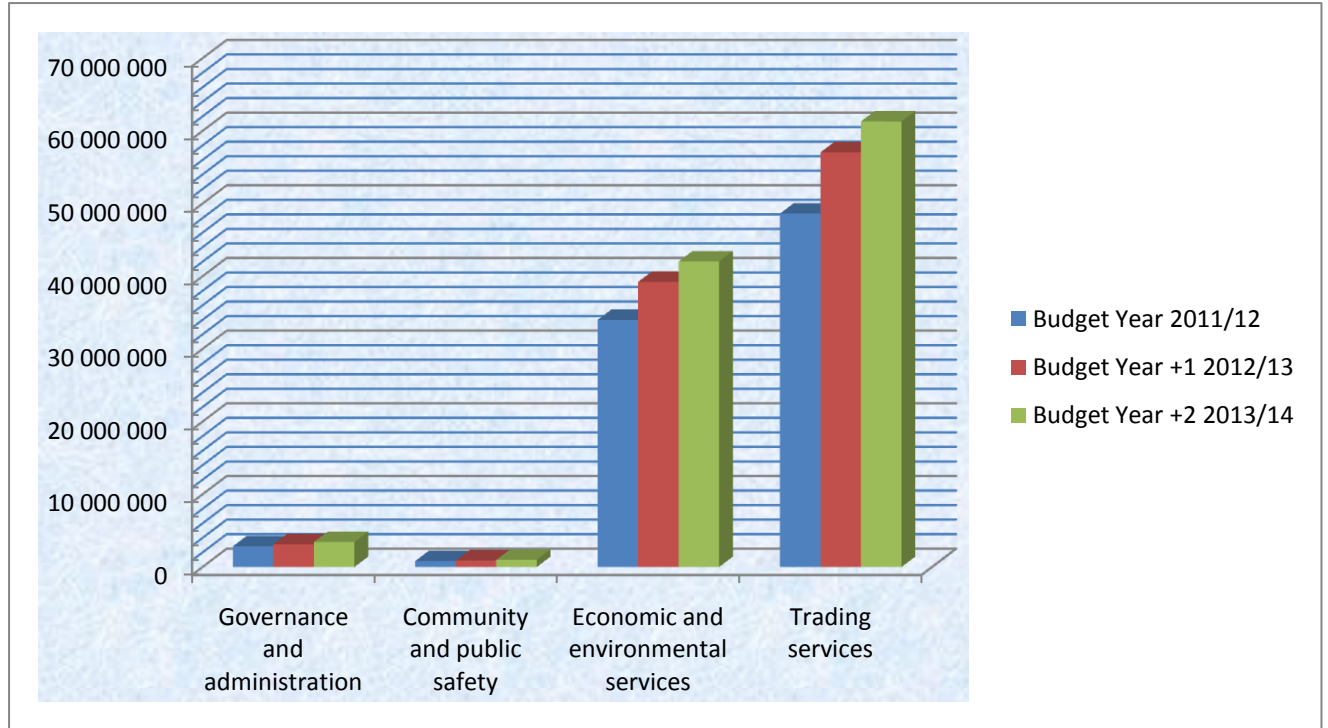
Vote Description R thousand	Ref 1	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Capital Expenditure - Standard											
<i>Governance and administration</i>		–	–	15 020	–	–	–	–	2 843	3 127	3 440
Executive and council				3 350					–	–	–
Budget and treasury office				11 670					1 578	1 736	1 909
Corporate services									1 265	1 392	1 531
Community and public safety		–	–	5 390	2 347	–	–	–	820	902	992
Community and social services				1 980					270	297	327
Sport and recreation				1 300							
Public safety				2 110					550	605	666
Housing					2 347						
Health											
Economic and environmental services		–	–	16 303	18 842	15 966	15 966	–	33 998	39 233	42 042
Planning and development					6 347	2 347	2 347		2 050	2 255	2 481
Road transport				16 303	12 495	13 620	13 620		29 948	34 778	37 141
Environmental protection									2 000	2 200	2 420
Trading services		–	–	40 474	42 500	26 875	26 875	–	48 626	57 059	61 313
Electricity				1 185	4 000	3 000	3 000		2 000	2 200	2 420
Water				37 849	12 500	7 300	7 300				
Waste water management				1 440	26 000	16 575	16 575		39 755	47 301	50 579
Waste management									900	990	1 089
Other				–					5 971	6 568	7 225
Total Capital Expenditure - Standard	3	–	–	77 187	63 688	42 841	42 841	–	86 287	100 321	107 787

For 2011/12 an amount of R86.2million has been appropriated towards the capital budget for development of infrastructure within the Mkhondo Local municipality jurisdiction. The highest capital infrastructure budget allocation on waste water management of R39.7million which equates to 46 per cent will address sewer challenges that the municipality is currently facing.

Our municipal road infrastructure is in such a state of collapse, an amount of R29.9million which equates to 35 per cent will be spent on roads infrastructure development and resurfacing some of the impaired roads to improve the lives of our community in Mkhondo.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

Figure 2 Capital Infrastructure Programme



1.7 Annual Budget Tables

Table 8 MBRR Table A1 Budget
Summary

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Financial Performance										
Property rates	–	–	25 481	47 767	47 767	47 767	–	22 667	24 933	27 427
Service charges	–	–	45 688	93 881	98 074	95 271	–	99 843	109 828	120 811
Investment revenue	–	–	3 141	500	1 033	–	–	1 329	1 462	1 608
Transfers recognised - operational	–	–	46 490	59 372	61 769	25 870	–	88 486	98 116	104 492
Other own revenue	–	–	16 347	29 694	12 181	9 814	–	21 420	22 682	24 950
Total Revenue (excluding capital transfers and contributions)	–	–	137 147	231 213	220 823	178 722	–	233 745	257 021	279 287
Employee costs	–	–	50 682	73 477	73 477	73 477	–	68 963	70 996	78 034
Remuneration of councillors	–	–	4 367	10 239	8 480	8 480	–	9 414	10 356	11 391
Depreciation & asset impairment	–	–	–	–	–	–	–	–	–	–
Finance charges	–	–	–	–	–	–	–	1 400	1 260	1 134
Materials and bulk purchases	–	–	19 371	59 550	63 550	63 550	–	64 550	71 005	78 106
Transfers and grants	–	–	59 372	–	–	–	–	41 009	45 110	49 621
Other expenditure	–	–	6 190	15 038	12 358	12 358	–	37 186	40 840	44 924
Total Expenditure	–	–	139 982	158 304	157 864	157 864	–	222 522	239 565	263 210
Surplus/(Deficit)	–	–	(2 835)	72 909	62 959	20 857	–	11 223	17 456	16 078
Transfers recognised - capital	–	–	–	–	–	–	–	48 703	53 573	58 931
Contributions recognised - capital & contributed assets	–	–	–	2 347	2 347	2 347	–	12 584	13 842	15 227
Surplus/(Deficit) after capital transfers & contributions	–	–	(2 835)	75 256	65 305	23 204	–	72 510	84 872	90 235
Share of surplus/(deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	–	(2 835)	75 256	65 305	23 204	–	72 510	84 872	90 235
Capital expenditure & funds sources										
Capital expenditure	–	–	77 187	63 688	42 841	42 841	–	86 287	100 321	107 787
Transfers recognised - capital	–	–	53 908	58 995	58 995	58 995	–	71 703	84 519	90 306
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	2 347	2 347	2 347	–	12 584	13 603	15 061
Total sources of capital funds	–	–	53 908	61 342	61 342	61 342	–	84 287	98 122	105 367
Financial position										
Total current assets	127 813	110 068	106 472	–	–	–	–	28 302	29 732	31 234

MKHONDO LOCAL MUNICIPALITY 2011/12 – 2013/14 MTREF BUDGET

Total non current assets	85 253	64 424	49 700	–	–	–	–	800	880	968
Total current liabilities	18 504	42 465	51 301	–	–	–	–	135 840	134 455	133 785
Total non current liabilities	2 941	2 850	3 045	7 412	6 870	6 870	–	8 360	7 826	7 376
Community wealth/Equity	23 488	43 393	28 158	–	–	–	–	–	–	–
Cash flows										
Net cash from (used) operating	16 491	(4 320)	(31 005)	385 052	385 052	385 052	–	516 244	562 057	617 996
Net cash from (used) investing	–	(352)	(71)	58 847	58 847	58 847	–	61 287	67 415	74 158
Net cash from (used) financing	–	–	–	6 835	6 835	6 835	–	8 250	7 425	6 683
Cash/cash equivalents at the year end	16 491	11 818	(19 258)	450 733	450 733	450 733	–	585 781	1 222 678	1 921 515
Cash backing/surplus reconciliation										
Cash and investments available	131 709	103 967	64 386	–	–	–	–	28 100	29 510	30 990
Application of cash and investments	(21 384)	102 986	94 267	–	–	–	–	173 369	163 517	154 505
Balance - surplus (shortfall)	153 093	981	(29 881)	–	–	–	–	(145 269)	(134 007)	(123 515)
Asset management										
Asset register summary (WDV)	–	285 421	352 322	–	–	–	–	71 703	78 873	86 761
Depreciation & asset impairment	–	–	–	–	–	–	–	–	–	–
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	–	–	–	–	–	–	–
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	21 990	24 189	26 608
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table 10 provides an overview of services delivery levels including addressing major backlogs experienced in service delivery issues.
- Mkhondo Municipality continues to provide free basic services delivery to its community through 6kℓ of free water and sanitation, 50KWh of free basic electricity across all the entire community of Mkhondo as funded by per cent margin within the equitable share of the municipality.

PART 2 – Supporting Documentation

2.1 Overview of the Annual Budget Process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.2 Overview of the Budget Process

In terms of section 21 of the MFMA the Executive Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

2.3 IDP and Services Delivery and Budget Implementation Plan (SDBIP) Priorities

In developing the 5-year IDP, a process plan was developed and adopted by Council. It started in September 2010 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2011/12 MTREF.

Section 25 (1) of the Local Government: Municipal Systems Act 32 of 2000 stipulates that 'each municipal council must, within a prescribed period after its elected term, adopt a single, inclusive and strategic plan for the development of the municipality'. The Mkhondo Local Municipality has completed its 2006-2011 cycle of Integrated Development Plan (IDP).

Therefore, this IDP represents a new cycle from 2011 to 2016 financial years.

The above section also mentions that an Integrated Development Plan has the following functions:

- Links, integrates and coordinates plans and takes into account proposals for the development of the municipality;
- Aligns the resources and capacity of the municipality with the implementation of the plan;
- Forms the policy framework and general basis on which annual budgets must be based;
- Complies with the provisions of this Chapter (chapter 5 of the above Act); and
- Is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation.

2.4 IDP and Budget Consultative Community Participation

As a process to produce this principal long-term strategic plan, Mkhondo Local Municipality embarked on a detailed public participation process and consultation meetings from the 14th of November 2010 until the 23th of November 2010, for the 2011-2016 Integrated Development Planning process. The public consultation process was again conducted during April 2011 for the Draft IDP. Officials together with honourable councillors went all out to participate in the meetings across all 15 wards in the municipality.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Table 9 Feedback Summary from community needs relating to municipal competencies

IDENTIFIED NEEDS		WARDS																		
PROJECT CATEGORY		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	WATER	X	X	X	X	X	X		X	X						X		X	X	X
2	SANITATION	X	X	X	X	X	X		X	X						X		X	X	X
3	ELECTRICITY (Household Connections)	X	X	X	X	X	X		X	X					X	X	X	X	X	X
4	ELECTRICITY (Streetlights/Apollo)	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
5	CEMETERIES	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6	ROADS (Levelling & Grading)	X	X	X	X	X			X	X	X					X		X	X	X
7	ROADS (Tarring)							X			X	X		X	X		X	X		
8	STADIUMS	X	X	X	X	X	X											X	X	X
9	HALLS	X	X	X			X		X	X	X	X						X	X	X
10	HALLS (FURNISHING & FENCING)				X	X										X				X
11	STANDS/SITES					X	X				X	X								X
12	SPEED HUMPS					X	X	X		X	X	X	X	X	X		X	X		X

2.5 Overview of alignment of annual budget with IDP

The purpose of this document is to describe the planning and implementation processes that will be followed by Mkhondo Local Municipality to deliver on its mandate through being a developmental local municipality. Critical in this document are the five development priorities of the municipality, which are the national Key Performance Areas for local government, namely:

- Basic Service Delivery
- Municipal Institutional Development and Transformation
- Local Economic Development
- Financial Viability and Management
- Good Governance and Public Participation

Table 10 IDP Strategic Development Priorities and Objectives

Basic Service Delivery	Municipal Institutional Development and Transformation	Local Economic Development	Financial Viability and Management	Good Governance and Public Participation
<ul style="list-style-type: none"> ➤ To accelerate the Provision of Water, Sanitation, Roads, Storm Water and Electricity services in partnership with key stakeholders to meet millennium targets and improve the living conditions for all. 	<ul style="list-style-type: none"> ➤ To provide support to both the administrative and political offices of the municipality in order to enable their maximum performance. 	<ul style="list-style-type: none"> ➤ To facilitate and market opportunities and advantages of Mkhondo Municipality in order to attract local and foreign direct investment. 	<ul style="list-style-type: none"> ➤ To align with the needs of the public through alignment with the IDP to ensure spending where it is most needed. 	<ul style="list-style-type: none"> ➤ To increase transparency and legitimacy in decision making processes of the municipality.
<ul style="list-style-type: none"> ➤ To accelerate provision of services relating to disaster management, safety, fire, emergency, as well as traffic and licensing 	<ul style="list-style-type: none"> ➤ To facilitate representation of previously disadvantaged individuals (PDIs) in both administrative and political offices of the municipality. 	<ul style="list-style-type: none"> ➤ To support growth and development of tourism sector within Mkhondo Municipality. 	<ul style="list-style-type: none"> ➤ To ensure that the Municipality maintains its Clean Audit record and Good Financial Management. 	<ul style="list-style-type: none"> ➤ To strengthen public participation through Izimbizo, IDP Forums and other communication platforms, this will include previously marginalised groups.
<ul style="list-style-type: none"> ➤ To accelerate provision of services relating to solid waste, parks and gardens; whereas ensuring environmental sustainability of all developments. 	<ul style="list-style-type: none"> ➤ To provide education and training for officials and councillors in order to increase their efficiency on the job. 	<ul style="list-style-type: none"> ➤ To support cooperatives' and small business development. 	<ul style="list-style-type: none"> ➤ To manage internal and external income efficiently; and thus render a sound service to the public. 	<ul style="list-style-type: none"> ➤ To improve internal systems and controls, and increase the overall operational efficiency of the municipality to fulfil its responsibilities.
<ul style="list-style-type: none"> ➤ To support provision of comprehensive services and ensure that communities can have access to services which are closer to them. 			<ul style="list-style-type: none"> ➤ To assist all departments administratively in increasing their expenditure. 	

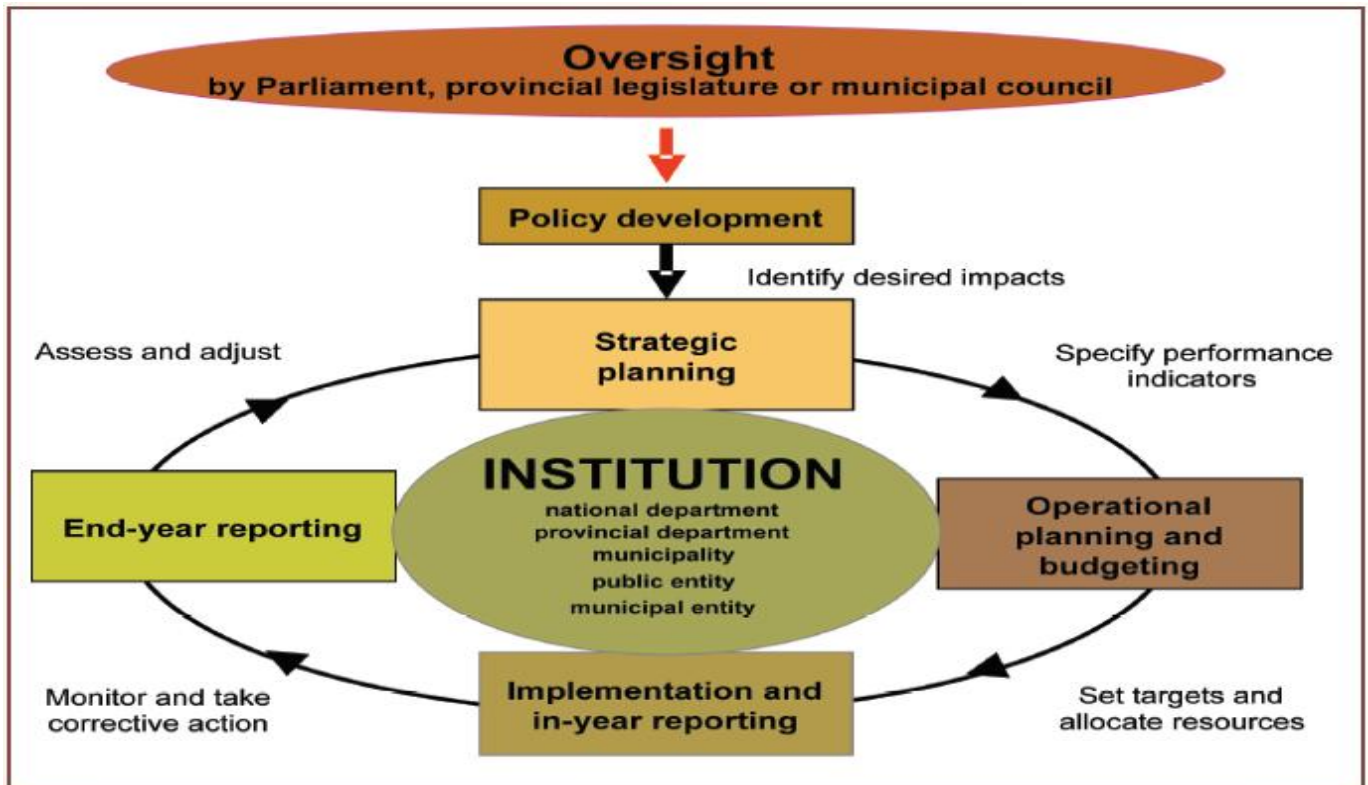
Table 11 MBRR Table SA5 - Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
Municipal governance and administration						63 887	55 504	55 504	55 966	60 141	66 155
Community and public safety						16 362	15 401	15 401	22 212	22 331	24 503
Economic and environmental services						21 151	23 140	23 140	53 172	58 499	63 234
Trading services						107 725	114 085	114 085	158 054	176 189	192 160
		1	–	–	–	209 124	208 130	208 130	289 404	317 160	346 052

2.5 Measurable Performance Objectives and Indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Mkhondo Local Municipality has developed and yet to implement a performance management system of which system is expected to be the integrated planning process which will enhance the Municipality's targets, monitoring, assessing and reviewing its organisational performance which in turn is directly linked to individual employee's performance i.e. Section 57 appointees.

Figure3 The planning, budgeting and reporting cycle can be graphically illustrated as follows:



The performance of Mkhondo Local Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting

stakeholder expectations. The Municipality therefore, has adopted performance management system which encompasses

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

2.6 Overview of Budget related – policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

- Supply Chain Management policy
- Asset Management Policy
- Banking and Cash Management policy
- Indigent Policy
- Inventory Management policy
- Rates policy
- Rental policy
- Risk Management Policy
- Fleet Management policy
- Bad debt write-off policy
- Asset Disposal policy

2.7 Overview of Budget assumptions

2.7.1 Credit rating outlook

Mkhondo local municipality has in the past financial years been in the financial difficulties and in some cases worst financial battle and still now struggling to heal some of the old wounds in terms of financial sustainability and unable to meet its short term credit obligations. Therefore this has damage the municipality's credit worthiness in the world of lending with financial institutions.

2.7.2 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Mkhondo Local municipality has in the past secured loan with DBSA for financing capital infrastructure and that's the only finance charges it incurs on repayments and financing interest on the loan.

2.7.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revenue enhancing strategy and incentives measures to encourage community to pay their arrears on service accounts.

2.7.4 Salary increase

The collective agreement regarding salaries/ wages came into operation on the 01 July 2009 and shall remain in force until 30 June 2012; therefore the municipality during the budget compilation allocated 6.8 per cent as the recommended by Treasury on circular 55.

2.8 Overview of Budget Funding

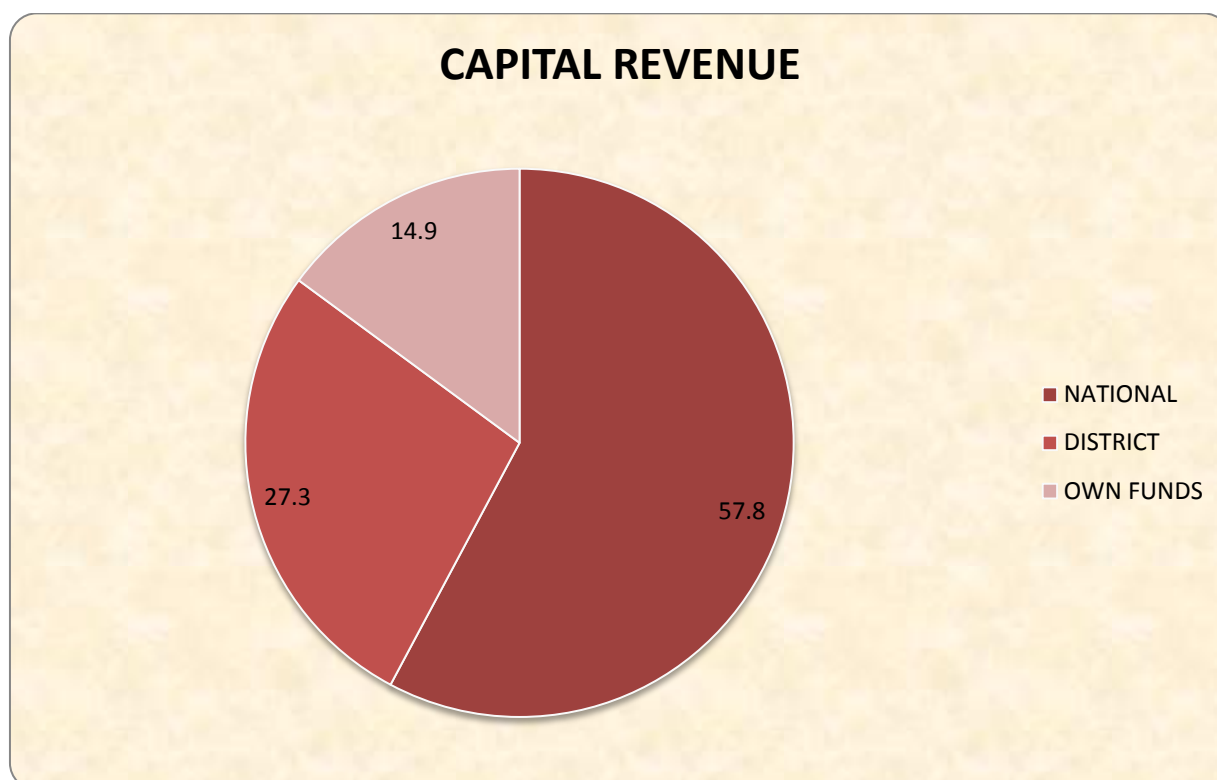
2.8.1 Medium – term outlook: Capital revenue

The following table is a breakdown of the funding composition of the 2011/12 medium-term capital programme:

Table 12 Sources of capital revenue over the MTREF

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Funded by:											
National Government				29 259	40 495	40 495	40 495		48 703	59 219	62 476
Provincial Government											
District Municipality				24 649	18 500	18 500	18 500		23 000	25 300	27 830
Other transfers and grants											
Transfers recognised – capital	4	–	–	53 908	58 995	58 995	58 995	–	71 703	84 519	90 306
Public contributions & donations	5										
Borrowing	6										
Internally generated funds					2 347	2 347	2 347		12 584	13 603	15 061
Total Capital Funding	7	–	–	53 908	61 342	61 342	61 342	–	84 287	98 122	105 367

Figure 4 Sources of capital revenue for the 2011/12 financial year



Capital grants and receipts equates to 57.8 per cent of the total funding source which represents R48.7million while the district capital revenue worth of projects is 27.3 per cent an amount worth of R23million and just under 15 per cent for own funded capital to a tune of R12.5million.

2.8.2 Medium- term outlook: Operating Revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 13 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1										
Revenue By Source											
Property rates	2	–	–	12 741	23 883	23 883	23 883	–	22 667	24 933	27 427
Property rates - penalties & collection charges				12 741	23 883	23 883	23 883		–	–	–
Service charges - electricity revenue	2	–	–	31 603	70 328	74 198	74 198	–	71 627	78 789	86 668
Service charges - water revenue	2	–	–	6 566	11 762	11 811	11 811	–	9 870	10 857	11 943
Service charges - sanitation revenue	2	–	–	3 070	575	575	575	–	5 979	6 577	7 235
Service charges - refuse revenue	2	–	–	2 778	5 884	5 884	5 884	–	6 304	6 934	7 628
Service charges - other				1 671	5 331	5 606	2 803		6 063	6 670	7 337
Rental of facilities and equipment				493	719	275	125		673	741	815
Interest earned - external investments				3 141	500	1 033			1 329	1 462	1 608
Interest earned - outstanding debtors					1 180	1	0		1 116	1 228	1 351
Dividends received											
Fines				897	6 053	1 882	209		1 812	1 993	2 192
Licences and permits				1 755	4 985	0	0		147	161	178
Agency services				1 532		900	357		4 872	5 359	5 895
Transfers recognised - operational				46 490	59 372	61 769	25 870		88 486	98 116	104 492
Other revenue	2	–	–	11 670	16 756	9 123	9 123	–	12 000	13 200	14 520
Gains on disposal of PPE									800		
Total Revenue (excluding capital transfers and contributions)		–	–	137 147	231 213	220 823	178 722	–	233 745	257 021	279 287

2.9 Funding Compliance Measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 14 MBRR Table SA10 - Funding measurement

Description	MFMA section	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Funding measures	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	16 491	11 818	(19 258)	450 733	450 733	450 733	-	585 781	1 222 678	1 921 515
Cash + investments at the yr end less applications - R'000	18(1)b	2	153 093	981	(29 881)	-	-	-	-	(145 269)	(134 007)	(123 515)
Cash year end/monthly employee/supplier payments	18(1)b	3	-	-	(1.7)	37.1	37.2	37.2	-	37.9	73.8	105.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	-	-	(2 835)	75 256	65 305	204	-	72 510	84 872	90 235
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	93.0%	(3.0%)	(7.9%)	(106.0%)	(20.4%)	4.0%	4.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	149.3%	0.0%	(32.9%)	44.0%	47.4%	49.0%	0%	81.9%	82.0%	82.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.1%	(95.9%)	(95.9%)	(95.9%)	0.0%	(72.7%)	(68.7%)	(70.4%)
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	54.4%	45.3%	36.8%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	84.7%	82.2%	83.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(5.7%)	19.0%	(100.0%)	0.0%	0.0%	0.0%	0.0%	10.0%	10.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	#NAME?	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.10 Expenditure on Grants and Reconciliation of Unspent

Table 15 MBRR Table SA19 - Expenditure on transfers and grant programme

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		–	922	21 132	74 486	74 486	74 486	88 486	98 116	104 492
Equitable share				20 259	73 346	73 346	73 346	86 446	95 747	102 036
Finance Management			500	342	950	950	950	1 250	1 500	1 500
Municipal Systems Improvement			422	531	190	190	190	790	869	956
Other transfers/grants [insert description]										
Provincial Government:		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]										
District Municipality:		–	–	24 649	18 500	18 500	18 500	23 000	25 300	27 830
Gert Sibande District Municipality				24 649	18 500	18 500	18 500	23 000	25 300	27 830
Other grant providers:		–	–	–	–	–	–	966	1 063	1 169
Expanded Public Work Programme								966	1 063	1 169
Total operating expenditure of Transfers and Grants:		–	922	45 781	92 986	92 986	92 986	112 452	124 479	133 491
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		27 976	67 291	68 145	14 500	14 500	14 500	48 703	59 219	62 476
Municipal Infrastructure (MIG)		27 976	67 291	68 145	14 500	14 500	14 500	48 703	59 219	62 476
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]				–						
District Municipality:		–	–	24 649	18 500	18 500	18 500	23 000	25 300	27 830
Gert Sibande District Municipality				24 649	18 500	18 500	18 500	23 000	25 300	27 830
Other grant providers:		–	–	–	–	–	–	–	–	–
Expanded Public Work Programme								966	1 063	1 169
Total capital expenditure of Transfers and Grants		27 976	67 291	92 794	33 000	33 000	33 000	71 703	84 519	90 306
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		27 976	68 213	138 575	125 986	125 986	125 986	184 155	208 998	223 797

Table 16 MBRR Table SA20 - Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
<u>Operating transfers and grants:</u>	1,3									
National Government:										
Balance unspent at beginning of the year		734	5 542	286	640	120	120	-	-	-
Current year receipts		19 540	21 805	31 268	1 750	1 750	1 750	88 486	97 460	107 056
Conditions met - transferred to revenue		20 274	27 347	31 554	1 790	1 270	1 270	88 486	97 460	107 056
Conditions still to be met - transferred to liabilities					600	600	600	-	-	-
Total operating transfers and grants revenue		20 274	27 347	31 554	1 790	1 270	1 270	88 486	97 460	107 056
Total operating transfers and grants - CTBM	2	-	-	-	600	600	600	-	-	-
<u>Capital transfers and grants:</u>	1,3									
National Government:										
Balance unspent at beginning of the year					25 080	25 080	25 080	-	-	-
Current year receipts					40 495	40 495	40 495	48 703	59 219	62 476
Conditions met - transferred to revenue		-	-	-	38 175	38 175	38 175	48 703	59 219	62 476
Conditions still to be met - transferred to liabilities					27 400	27 400	27 400	-	-	-
District Municipality:										
Balance unspent at beginning of the year					-					
Current year receipts					18 500	18 500	18 500	23 000	25 300	27 830
Conditions met - transferred to revenue		-	-	-	18 500	18 500	18 500	23 000	25 300	27 830
Total capital transfers and grants revenue		-	-	-	56 675	56 675	56 675	71 703	84 519	90 306
Total capital transfers and grants - CTBM	2	-	-	-	27 400	27 400	27 400	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		20 274	27 347	31 554	58 465	57 945	57 945	160 189	181 979	197 362
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	28 000	28 000	28 000	-	-	-

2.11 Councillors and Employee Benefits

Table 17 MBRR Table SA22 - Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Salary					1 249	1 249	1 249	5 717	6 132	6 780
Pension Contributions					1 073	1 073	1 073	653	700	774
Medical Aid Contributions					1 345	1 345	1 345	45	49	53
Motor vehicle allowance					355	355	355	1 825	1 958	2 164
Cell phone allowance					344	344	344	–	–	–
Housing allowance										
Other benefits or allowances								1 175	1 146	1 394
In-kind benefits										
Sub Total - Councillors		–	–	–	4 367	4 367	4 367	9 414	9 984	11 164
% increase	4		–	–	–	–	–	115.6%	6.1%	11.8%
Senior Managers of the Municipality	2									
Salary					1 648	1 648	1 648	4 642	4 978	5 504
Pension Contributions					302	302	302	1 057	1 134	1 253
Medical Aid Contributions					200	200	200	470	504	558
Motor vehicle allowance					885	885	885	1 478	1 585	1 752
Cell phone allowance					59	59	59	658	706	780
Housing allowance					724	724	724	635	682	753
Performance Bonus										
Other benefits or allowances										
In-kind benefits										
Sub Total - Senior Managers of Municipality		–	–	–	3 818	3 818	3 818	8 939	9 589	10 600
% increase	4		–	–	–	–	–	134.1%	7.3%	10.5%
Other Municipal Staff										
Basic Salaries and Wages					50 318	50 318	50 318	52 584	56 396	62 353
Pension Contributions					10 207	10 207	10 207	6 090	6 533	7 223
Medical Aid Contributions					2 059	2 059	2 059	1 140	1 223	1 351
Motor vehicle allowance					936	936	936	209	224	228
Cell phone allowance					334	334	334	–	–	–
Housing allowance										
Overtime										
Performance Bonus										
Other benefits or allowances					1 437	1 437	1 437			
In-kind benefits										
Sub Total - Other Municipal Staff		–	–	–	65 291	65 291	65 291	60 023	64 375	71 155
% increase	4		–	–	–	–	–	(8.1%)	7.3%	10.5%
Total Parent Municipality		–	–	–	73 476	73 476	73 476	78 377	83 948	92 919
			–	–	–	–	–	6.7%	7.1%	10.7%

Table 18 MBRR Table SA23 - Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref		Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.			2.	3.
<u>Councillors</u>	4							
Speaker	5		289 307	31 151	161 045			481 503
Chief Whip			174 486	13 521	67 299			255 306
Executive Mayor			421 569	52 890	191 297			665 756
Deputy Executive Mayor			–	–	–			–
Executive Committee			515 664	77 608	309 710			902 982
Total for all other councillors			5 993 802	220 225	894 593			7 108 620
Total Councillors	9	–	7 394 828	395 395	1 623 944			9 414 167
<u>Senior Managers of the Municipality</u>	6							
Municipal Manager (MM)			329 923	143 991	155 138	110 480		739 532
Chief Finance Officer			295 953	130 901	142 284	100 436		669 574
Deputy City Manager - Governance								–
Deputy City Manager - Procurement & Infrastructure								–
Deputy City Manager - Health, Safety & Social Issues								–
Deputy City Manager - Corporate & Human Resources								–
<i>List of each official with packages >= senior manager</i>								
Head: Internal Audit & Performance Management								–
Head: Geographical Information & Policy								–
Head Office of Intergovernmental & Governance Relations								–
Total Senior Managers of the Municipality	9	–	625 876	274 892	297 422	210 916	–	1 409 106

Table 19 MBRR Table SA24 - Summary of personnel numbers

Summary of Personnel Numbers	Ref	2009/10			Current Year 2010/11			Budget Year 2011/12		
Number	1	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)					30		30	38		38
Board Members of municipal entities	3									
Municipal employees	4									
Municipal Manager and Senior Managers	2				5		5	5		5
Other Managers	6				10	10		14	14	
Professionals		–	–	–	187	165	22	38	37	10
Finance					39	39		20	19	10
Spatial/town planning					3	3				
Information Technology					2	1	1	18	18	
Roads					68	60	8			
Electricity					42	39	3			
Water					31	21	10			
Sanitation					1	1				
Refuse					1	1				
Other					150	131	19			
Technicians		–	–	–	62	56	6	253	199	54
Finance								29	19	10
Spatial/town planning								3	2	1
Information Technology										
Roads								61	48	13
Electricity					4	4		40	40	
Water					9	9		18	18	
Sanitation								38	20	18
Refuse					49	43	6	64	52	12
Other								32	48	16
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers								39	39	
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS		–	–	–	444	362	82	419	337	123
% increase			–	–	–	–	–	411.0%	(19.6%)	(63.5%)
Total municipal employees headcount	5									
Finance personnel headcount	7									
Human Resources personnel headcount	7									

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2.13 Monthly Targets for Revenue, Expenditure and Cash Flow

Table 20 MBRR Table SA25 - Budgeted monthly revenue and expenditure

Description R thousand	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue By Source															
Property rates	1 889	1 889	1 889	1 889	1 889	1 889	1 889	1 889	1 889	1 889	1 889	1 889	22 667	24 933	27 427
Property rates - penalties & collection charges												-	-	-	-
Service charges - electricity revenue	5 969	5 969	5 969	5 969	5 969	5 969	5 969	5 969	5 969	5 969	5 969	5 969	71 627	78 789	86 668
Service charges - water revenue	823	823	823	823	823	823	823	823	823	823	823	823	9 870	10 857	11 943
Service charges - sanitation revenue	498	498	498	498	498	498	498	498	498	498	498	499	5 979	6 577	7 235
Service charges - refuse revenue	525	525	525	525	525	525	525	525	525	525	525	531	6 304	6 934	7 628
Service charges - other	505	505	505	505	505	505	505	505	505	505	505	506	6 063	6 670	7 337
Rental of facilities and equipment	56	56	56	56	56	56	56	56	56	56	56	56	673	741	815
Interest earned - external investments	111	111	111	111	111	111	111	111	111	111	111	110	1 329	1 462	1 608
Interest earned - outstanding debtors	93	93	93	93	93	93	93	93	93	93	93	93	1 116	1 228	1 351
Dividends received												-	-	-	-
Fines	151	151	151	151	151	151	151	151	151	151	151	151	1 812	1 993	2 192
Licences and permits	12	12	12	12	12	12	12	12	12	12	12	12	147	161	178
Agency services	406	406	406	406	406	406	406	406	406	406	406	406	4 872	5 359	5 895
Transfers recognised - operational	9 669	9 669	9 669	9 669	9 669	9 669	9 669	9 669	9 669	9 669	9 669	(17 875)	88 486	98 116	104 492
Other revenue	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	13 200	14 520
Gains on disposal of PPE	67	67	67	67	67	67	67	67	67	67	67	67	800	-	-
Total Revenue (excluding capital transfers and contributions)	21 774	21 774	21 774	21 774	21 774	21 774	21 774	21 774	21 774	21 774	21 774	(5 765)	233 745	257 021	279 287

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Expenditure By Type															
Employee related costs	5 747	5 747	5 747	5 747	5 747	5 747	5 747	5 747	5 747	5 747	5 747	5 747	68 963	70 996	78 034
Remuneration of councillors	785	785	785	785	785	785	785	785	785	785	785	785	9 414	10 356	11 391
Debt impairment	–											–	–	–	–
Depreciation & asset impairment	–											–	–	–	–
Finance charges	117	117	117	117	117	117	117	117	117	117	117	117	1 400	1 260	1 134
Bulk purchases	5 379	5 379	5 379	5 379	5 379	5 379	5 379	5 379	5 379	5 379	5 379	5 379	64 550	71 005	78 106
Other materials												–	–	–	–
Contracted services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants	3 417	3 417	3 417	3 417	3 417	3 417	3 417	3 417	3 417	3 417	3 417	3 417	41 009	45 110	49 621
Other expenditure	3 099	3 099	3 099	3 099	3 099	3 099	3 099	3 099	3 099	3 099	3 099	3 099	37 186	40 840	44 924
Loss on disposal of PPE												–	–	–	–
Total Expenditure	18 544	18 544	18 544	18 544	18 544	18 544	18 544	18 544	18 544	18 544	18 544	18 544	222 522	239 565	263 210
Surplus/(Deficit)	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	3 230	(24 308)	11 223	17 456	16 078
Transfers recognised - capital	4 059	4 059	4 059	4 059	4 059	4 059	4 059	4 059	4 059	4 059	4 059	4 059	48 703	53 573	58 931
Contributions recognised - capital												12 584	12 584	13 842	15 227
Contributed assets												–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	7 289	7 289	7 289	7 289	7 289	7 289	7 289	7 289	7 289	7 289	7 289	(7 666)	72 510	84 872	90 235
Taxation												–	–	–	–
Attributable to minorities												–	–	–	–
Share of surplus/ (deficit) of associate												–	–	–	–
Surplus/(Deficit)	7 289	7 289	7 289	7 289	7 289	7 289	7 289	7 289	7 289	7 289	7 289	(7 666)	72 510	84 872	90 235

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Table 21 MBRR Table SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Revenue - Standard</u>	-															
<i>Governance and administration</i>		9 003	9 003	9 003	9 003	9 003	9 003	9 003	9 003	9 003	9 003	9 003	9 003	108 041	118 021	129 643
Executive and council		6 718	6 718	6 718	6 718	6 718	6 718	6 718	6 718	6 718	6 718	6 718	6 718	80 613	87 794	96 574
Budget and treasury office		375	375	375	375	375	375	375	375	375	375	375	375	4 503	5 009	5 330
Corporate services		1 910	1 910	1 910	1 910	1 910	1 910	1 910	1 910	1 910	1 910	1 910	1 910	22 925	25 217	27 739
<i>Community and public safety</i>		222	222	222	222	222	222	222	222	222	222	222	221	2 658	2 924	3 217
Community and social services		36	36	36	36	36	36	36	36	36	36	36	35	428	471	518
Sport and recreation		5	5	5	5	5	5	5	5	5	5	5	5	57	63	69
Public safety		146	146	146	146	146	146	146	146	146	146	146	146	1 750	1 925	2 118
Housing		35	35	35	35	35	35	35	35	35	35	35	35	424	466	513
Health													-	-	-	-
<i>Economic and environmental services</i>		2 982	2 982	2 982	2 982	2 982	2 982	2 982	2 982	2 982	2 982	2 982	2 982	35 788	41 202	44 207
Planning and development		27	27	27	27	27	27	27	27	27	27	27	27	320	352	387
Road transport		2 956	2 956	2 956	2 956	2 956	2 956	2 956	2 956	2 956	2 956	2 956	2 956	35 468	40 850	43 820
Environmental protection													-	-	-	-
<i>Trading services</i>		11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	11 979	29 733	161 505	181 466	198 063
Electricity		6 851	6 851	6 851	6 851	6 851	6 851	6 851	6 851	6 851	6 851	6 851	8 851	84 214	92 875	102 064
Water		1 099	1 099	1 099	1 099	1 099	1 099	1 099	1 099	1 099	1 099	1 099	1 098	13 182	14 500	15 950
Waste water management		2 504	2 504	2 504	2 504	2 504	2 504	2 504	2 504	2 504	2 504	2 504	18 258	45 797	53 947	57 890
Waste management		526	526	526	526	526	526	526	526	526	526	526	526	6 313	6 944	7 639
Other		1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	13 200	14 520
Total Revenue - Standard		24 187	24 187	24 187	24 187	24 187	24 187	24 187	24 187	24 187	24 187	24 187	41 940	307 992	343 613	375 130
<u>Expenditure - Standard</u>	-															
<i>Governance and administration</i>		4 664	4 664	4 664	4 664	4 664	4 664	4 664	4 664	4 664	4 664	4 664	4 664	55 966	60 141	66 155

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Executive and council		1 883	1 883	1 883	1 883	1 883	1 883	1 883	1 883	1 883	1 883	1 883	22 591	24 671	27 138
Budget and treasury office		1 175	1 175	1 175	1 175	1 175	1 175	1 175	1 175	1 175	1 175	1 175	14 098	15 406	16 947
Corporate services		1 606	1 606	1 606	1 606	1 606	1 606	1 606	1 606	1 606	1 606	1 607	19 276	20 064	22 070
Community and public safety		1 851	1 851	1 851	1 851	1 851	1 851	1 851	1 851	1 851	1 851	1 852	22 212	22 331	24 503
Community and social services		448	448	448	448	448	448	448	448	448	448	448	5 372	5 155	5 667
Sport and recreation		178	178	178	178	178	178	178	178	178	178	178	2 137	2 133	2 346
Public safety		1 088	1 088	1 088	1 088	1 088	1 088	1 088	1 088	1 088	1 088	1 089	13 058	13 689	15 001
Housing		35	35	35	35	35	35	35	35	35	35	35	420	221	243
Health		102	102	102	102	102	102	102	102	102	102	102	1 224	1 133	1 246
Economic and environmental services		4 431	4 431	4 431	4 431	4 431	4 431	4 431	4 431	4 431	4 431	4 431	53 172	58 499	63 234
Planning and development		243	243	243	243	243	243	243	243	243	243	244	2 921	3 214	3 535
Road transport		4 188	4 188	4 188	4 188	4 188	4 188	4 188	4 188	4 188	4 188	4 187	50 251	55 285	59 699
Environmental protection												–	–	–	–
Trading services		13 005	13 005	13 005	13 005	13 005	13 005	13 005	13 005	13 005	13 005	13 004	156 054	173 509	191 994
Electricity		6 858	6 858	6 858	6 858	6 858	6 858	6 858	6 858	6 858	6 858	6 857	82 293	90 522	99 634
Water		1 030	1 030	1 030	1 030	1 030	1 030	1 030	1 030	1 030	1 030	1 030	12 357	13 593	17 479
Waste water management		3 568	3 568	3 568	3 568	3 568	3 568	3 568	3 568	3 568	3 568	3 567	42 815	50 430	54 021
Waste management		610	610	610	610	610	610	610	610	610	610	610	7 323	7 146	7 861
Other		939	939	939	939	939	939	939	939	939	939	939	11 266	11 818	13 000
Total Expenditure - Standard		23 950	23 950	23 950	23 950	23 950	23 950	23 950	23 950	23 950	23 950	23 952	287 404	314 480	345 886
Surplus/(Deficit) before assoc.		236	236	236	236	236	236	236	236	236	236	17 988	20 588	29 133	29 243
Share of surplus/ (deficit) of associate												–	–	–	–
Surplus/(Deficit)	1	236	236	236	236	236	236	236	236	236	236	17 988	20 588	29 133	29 243

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Table 22 MBRR Table SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Cash Receipts By Source													1		
Property rates	1 889	1 889	1 889	1 889	1 889	1 889	1 889	1 889	1 889	1 889	1 889	1 889	22 667	24 933	27 427
Property rates - penalties & collection												–	–	–	–
Service charges - electricity revenue	5 969	5 969	5 969	5 969	5 969	5 969	5 969	5 969	5 969	5 969	5 969	5 969	71 627	78 789	86 668
Service charges - water revenue	823	823	823	823	823	823	823	823	823	823	823	823	9 870	10 857	11 943
Service charges - sanitation revenue	498	498	498	498	498	498	498	498	498	498	498	499	5 979	6 577	7 235
Service charges - refuse revenue	525	525	525	525	525	525	525	525	525	525	525	525	6 304	6 934	7 628
Service charges - other	505	505	505	505	505	505	505	505	505	505	505	506	6 063	6 670	7 337
Rental of facilities and equipment	56	56	56	56	56	56	56	56	56	56	56	56	673	741	815
Interest earned - external investments	111	111	111	111	111	111	111	111	111	111	111	110	1 329	1 462	1 608
Interest earned - outstanding debtors	93	93	93	93	93	93	93	93	93	93	93	93	1 116	1 228	1 351
Dividends received												–	–	–	–
Fines	151	151	151	151	151	151	151	151	151	151	151	151	1 812	1 993	2 192
Licences and permits	12	12	12	12	12	12	12	12	12	12	12	12	147	161	178
Agency services	406	406	406	406	406	406	406	406	406	406	406	406	4 872	5 359	5 895
Transfer receipts - operational	9 669	9 669	9 669	9 669	9 669	9 669	9 669	9 669	9 669	9 669	9 669	9 669	116 030	100 189	110 028
Other revenue	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	13 200	14 520
Cash Receipts by Source	21 707	21 707	21 707	21 707	21 707	21 707	21 707	21 707	21 707	21 707	21 707	21 707	260 489	259 094	284 823
Other Cash Flows by Source															
Transfer receipts - capital	4 059	4 059	4 059	4 059	4 059	4 059	4 059	4 059	4 059	4 059	4 059	4 059	48 703	53 573	58 931

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Contributions recognised - capital & Contributed assets	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	12 584	13 842	15 227
Proceeds on disposal of PPE	67	67	67	67	67	67	67	67	67	67	67	67	800	880	968
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits												–			
Decrease (Increase) in non-current debtors												–			
Decrease (increase) other non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	26 881	26 881	26 881	26 881	26 881	26 881	26 881	26 881	26 881	26 881	26 881	26 881	322 576	327 390	359 948
Cash Payments by Type															
Employee related costs	5 747	5 747	5 747	5 747	5 747	5 747	5 747	5 747	5 747	5 747	5 747	5 747	68 963	70 996	78 034
Remuneration of councillors	785	785	785	785	785	785	785	785	785	785	785	785	9 414	10 356	11 391
Collection costs												–			
Interest paid			700						700			–	1 400	1 540	1 694
Bulk purchases - Electricity	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	5 213	62 550	68 805	75 686
Bulk purchases - Water & Sewer	167	167	167	167	167	167	167	167	167	167	167	167	2 000	2 420	2 662
Other materials												–			
Contracted services	629	629	629	629	629	629	629	629	629	629	629	629	7 546	8 301	9 131
Grants and subsidies paid - other municipalities												–			
Grants and subsidies paid - other	6 312	6 312	6 312	6 312	6 312	6 312	6 312	6 312	6 312	6 312	6 312	6 312	75 743	83 317	91 649
General expenses	3 099	3 099	3 099	3 099	3 099	3 099	3 099	3 099	3 099	3 099	3 099	3 099	37 186	40 840	44 924
Cash Payments by Type	21 950	21 950	22 650	21 950	21 950	21 950	21 950	21 950	22 650	21 950	21 950	21 950	264 802	286 574	315 171

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Other Cash Flows/Payments by Type															
Capital assets	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	12 584	13 842	15 227
Repayment of borrowing												–			
Other Cash Flows/Payments												–			
Total Cash Payments by Type	22 999	22 999	23 699	22 999	22 999	22 999	22 999	22 999	23 699	22 999	22 999	22 999	277 386	300 417	330 397
NET INCREASE/(DECREASE) IN CASH HELD	3 883	3 883	3 183	3 883	3 883	3 883	3 883	3 883	3 183	3 883	3 883	3 882	45 190	26 974	29 551
Cash/cash equivalents at the month/year begin:	30 000	33 883	37 765	40 948	44 830	48 713	52 595	56 478	60 360	63 543	67 425	71 308	30 000	75 190	102 163
Cash/cash equivalents at the month/year end:	33 883	37 765	40 948	44 830	48 713	52 595	56 478	60 360	63 543	67 425	71 308	75 190	75 190	102 163	131 715

2.14 Other Supporting Documents

Table 23 MBRR Table SA1 - Supporting detail to Budgeted Financial Performance

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates				12 741	23 883	23 883	23 883		22 667	24 933	27 427
<i>less Revenue Foregone</i>											
Net Property Rates		–	–	12 741	23 883	23 883	23 883	–	22 667	24 933	27 427
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue				31 603	70 328	74 198	74 198		71 627	78 789	86 668
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue		–	–	31 603	70 328	74 198	74 198	–	71 627	78 789	86 668
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue				6 566	11 762	11 811	11 811		9 870	10 857	11 943
<i>less Revenue Foregone</i>											
Net Service charges - water revenue		–	–	6 566	11 762	11 811	11 811	–	9 870	10 857	11 943
<u>Service charges - sanitation revenue</u>	6										
Total Service charges - sanitation revenue				3 070	575	575	575		5 979	6 577	7 235
<i>less Revenue Foregone</i>											
Net Service charges - sanitation revenue		–	–	3 070	575	575	575	–	5 979	6 577	7 235
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue				2 778	5 884	5 884	5 884		6 304	6 934	7 628
Total landfill revenue											
<i>less Revenue Foregone</i>											
Net Service charges - refuse revenue		–	–	2 778	5 884	5 884	5 884	–	6 304	6 934	7 628
<u>Other Revenue by source</u>	3										
Fuel levy											
Other revenue				11 670	16 756	9 123	9 123		12 000	13 200	14 520
Total 'Other' Revenue	1	–	–	11 670	16 756	9 123	9 123	–	12 000	13 200	14 520
EXPENDITURE ITEMS:											

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<u>Employee related costs</u>											
Salaries and Wages	2			50 682	73 477	73 477	73 477		53 224	58 492	64 284
Contributions to UIF, pensions, medical aid									9 550	5 929	6 519
Travel, motor car, accom; & other allowances									1 365	1 384	1 522
Housing benefits and allowances									17	19	20
Overtime									921	989	1 087
Performance bonus									3 887	4 183	4 601
Long service awards											
Payments in lieu of leave											
Post-retirement benefit obligations	4										
sub-total	5	–	–	50 682	73 477	73 477	73 477	–	68 963	70 996	78 034
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	–	–	50 682	73 477	73 477	73 477	–	68 963	70 996	78 034
<u>Contributions recognised - capital</u>											
<i>List contributions by contract</i>					2 347	2 347	2 347		12 584	13 842	15 227
Total Contributions recognised - capital		–	–	–	2 347	2 347	2 347	–	12 584	13 842	15 227
<u>Depreciation & asset impairment</u>											
Depreciation of Property, Plant & Equipment											
Lease amortisation											
Capital asset impairment											
Total Depreciation & asset impairment		1	–	–	–	–	–	–	–	–	–
<u>Bulk purchases</u>											
Electricity Bulk Purchases				18 763	58 000	62 000	62 000		62 550	68 805	75 686
Water Bulk Purchases				608	1 550	1 550	1 550		2 000	2 200	2 420
Total bulk purchases	1	–	–	19 371	59 550	63 550	63 550	–	64 550	71 005	78 106
<u>Contracted services</u>											
<i>List services provided by contract</i>				6 190	2 680				–	–	–
sub-total		1	–	–	6 190	2 680	–	–	–	–	–
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		–	–	6 190	2 680	–	–	–	–	–	–
Other Expenditure By Type											

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Repairs and maintenance (<i>to be deleted</i>)											
Collection costs											
Contributions to 'other' provisions											
Consultant fees											
Audit fees				1 350	1 350	1 350		1 724	1 897	2 086	
General expenses	3			11 008	11 008	11 008		35 462	38 943	42 838	
Total 'Other' Expenditure	1	–	–	–	12 358	12 358	12 358	–	37 186	40 840	44 924

Table 24 MBRR Table SA2 - Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote1 - Executive Council	Vote2 - Community Services	Vote3 - Public Safety	Vote4 - 160 Corporate Services	Vote5 - Engineering Department	Vote6 - Electrical Department	Vote7 - Finance Department	Total
R thousand	1								
Revenue By Source									
Property rates								22 667	22 667
Property rates - penalties & collection charges									–
Service charges - electricity revenue							71 627		71 627
Service charges - water revenue						9 870			9 870
Service charges - sanitation revenue						5 979			5 979
Service charges - refuse revenue			304						6 304
Service charges - other			000						12 000
Rental of facilities and equipment									–
Interest earned - external investments								1 329	1 329
Interest earned - outstanding debtors								116	1 116
Dividends received									–
Fines				812					1 812
Licences and permits				147					147
Agency services				4 872					4 872
Other revenue			285	700	176	523	2 129		4 813
Transfers recognised - operational		88 486		–	673			1 250	90 409
Gains on disposal of PPE								800	800
Total Revenue (excluding capital transfers and contributions)		88 486	18 589	7 531	849	17 372	73 756	27 162	233 745
Expenditure By Type									
Employee related costs		–	338	906	015	16 532	6 235	6 937	68 963
Remuneration of councillors		414							9 414
Debt impairment									–
Depreciation & asset impairment									–
Finance charges								1 400	1 400

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Bulk purchases					2 000	62 550		64 550
Other materials								-
Contracted services				7 546				7 546
Transfers and grants	13 969						27 041	41 010
Other expenditure	2 673	980	3 260	4 599	9 448	21	7 298	28 279
Loss on disposal of PPE								-
Total Expenditure	26 056	16 318	15 166	24 159	27 980	68 806	42 675	221 161
Surplus/(Deficit)	62 430	2 271	(7 635)	(23 310)	(10 608)	4 950	(15 513)	12 584
Transfers recognised - capital								-
Contributions recognised - capital								-
Contributed assets								-
Surplus/(Deficit) after capital transfers & contributions	62 430	2 271	(7 635)	(23 310)	(10 608)	4 950	(15 513)	12 584

Table 25 MBRR Table SA3 – Supporting detail to 'Budgeted Financial Position'

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits < 90 days		42 268	31 347	16 491					28 100	29 510	30 990
Other current investments > 90 days		25 278	20 630	22 032							
Total Call investment deposits	2	67 545	51 977	38 524	-	-	-	-	28 100	29 510	30 990
<u>Consumer debtors</u>											
Consumer debtors		53 715	55 623	65 469					70 000	77 000	84 700
Less: Provision for debt impairment		(4 696)	(5 124)	(9 618)							
Total Consumer debtors	2	49 019	50 499	55 851	-	-	-	-	70 000	77 000	84 700
<u>Debt impairment provision</u>											
Balance at the beginning of the year											
Contributions to the provision									1 510	1 661	1 827
Bad debts written off											
Balance at end of year		-	-	-	-	-	-	-	1 510	1 661	1 827
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		13 728	12 447	11 176					800	880	968
Leases recognised as PPE	3										
Less: Accumulated depreciation											

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Total Property, plant and equipment (PPE)	2	13 728	12 447	11 176	–	–	–	–	800	880	968
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)									1 400	1 260	1 134
Current portion of long-term liabilities		1 540	1 116	3 421							
Total Current liabilities - Borrowing		1 540	1 116	3 421	–	–	–	–	1 400	1 260	1 134
<u>Trade and other payables</u>											
Trade and other creditors		5 063	4 161	6 678					96 000	103 680	111 974
Unspent conditional transfers		–	29 481	18 246					25 000	15 000	5 000
VAT		3 063	2 370	4 641					13 440	14 515	15 676
Total Trade and other payables	2	8 126	36 012	29 566	–	–	–	–	134 440	133 195	132 651
<u>Non current liabilities - Borrowing</u>											
Borrowing	4				7 412	6 870	6 870		6 850	6 165	5 549
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		–	–	–	7 412	6 870	6 870	–	6 850	6 165	5 549
<u>Provisions - non-current</u>											
Retirement benefits		2 941	2 850	3 045					1 510	1 661	1 827
List other major provision items											
Refuse landfill site rehabilitation									900	990	1 089
Other											
Total Provisions - non-current		2 941	2 850	3 045	–	–	–	–	2 410	2 651	2 916
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance											
GRAP adjustments											
Restated balance		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)		–	–	(2 835)	75 256	65 305	23 204	–	72 510	84 872	90 235
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	–	–	(2 835)	75 256	65 305	23 204	–	72 510	84 872	90 235
<u>Reserves</u>											
Housing Development Fund											
Capital replacement									–		
Capitalisation											
Government grant		23 488	29 481	18 246							

Donations and public contributions											
Self-insurance											
Other reserves (<i>list</i>)											
Revaluation											
Total Reserves	2	23 488	29 481	18 246	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	23 488	29 481	15 411	75 256	65 305	23 204	-	72 510	84 872	90 235

2.15 Legislation Compliance Status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

➤ In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and the quality of financial reports.

➤ Internship programme

Mkhondo Local Municipality is participating in the Municipal Financial Management Internship programme and has employed ten interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the municipality has successfully employed and trained 14 interns through this programme and a majority of them were still in their last term of internship contract the placement plan is to absorb all interns within the various division with Office of the Chief Financial Officer, and one of the senior interns from the first team is appointed as Accountant Revenue Division. Business plan for FMG includes two additional interns for capacitating Internal Audit Unit in the Office of the Municipal .Two additional interns will be expected to start as from 01 September 2011.

➤ Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA, but awaiting an approval of the amended organogram to appoint SCM manager in the Office of the CFO

➤ Audit Committee

An Audit Committee has recently been established and is fully functional.

➤ Service Delivery and Implementation Plan (SDBIP)

The detail draft SDBIP document is finalised and due to be presented at Finance Portfolio Committee thereafter it will be served before Council for approval, the draft SDBIP is also aligned and informed by the 2011/12 MTREF.

➤ Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

➤ Policies

A list of all budget related policies have been approved during the 2011/12 MTREF by Council on the 05 May 2011, a list of all approved policies have been included as annexure.

2.16 Municipal Manager's Quality Certificate

I _____, Acting Municipal Manager of Mkhondo Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Acting Municipal Manager of Mkhondo Local Municipality (MP303)

Signature _____

Date _____